GOVERNMENT OF INDIA
COAL
LOK SABHA

UNSTARRED QUESTION NO:422
ANSWERED ON:21.11.2000
ROYALTY RATES OF MINERALS
SUBODH MOHITE

Will the Minister of COAL be pleased to state:

(a) whether the Government have revised the rates of royalty and deed rent on the major minerals except coal, lignite and sand;

(b) if so, the reasons for not revising royalty for these three minerals; and

(c) the steps taken by the Government in this direction?

Answer

MINISTER OF STATE FOR COAL (SHRI N.T.SHANMUGAM)

(a): Yes, Sir. The rates of royalty on major minerals except coal, lignite and sand for stowing were revised by the Central Government on 12.9.2000.

(b) & (c): The royalty rates of coal were last revised on 11.10.94. The issue of revision of royalty rates on coal has been subsequently examined in the Ministry of Coal and it was observed that coal companies receive only about 40-45% of the landed price of coal on an average. The larger proportion of the price is on account of cost of railway freight and the various levies such as royalty, excise duty, cess and sales tax. As a consequence Indian coal is getting priced out in several locations and consequently there is a sharp increase in the import of coal. The steel industry is also suffering and is yet to get out of the depression and any increase in royalty on coal at this stage may well deepen the crisis for the power sector, steel sector and most importantly for the coal sector. Therefore, a decision has been taken not to enhance the existing royalty on coal at present.

As for lignite, the royalty rate was revised last in the year 1990. The State Governments of Gujarat, Tamil Nadu and Rajasthan have been writing to the Central Government to enhance the royalty rates on lignite and a proposal to revise the same is under consideration of the Government.

As for sand for stowing, the royalty rate was last revised on 11.4.97. No representation for enhancing the royalty rate on sand for stowing has been received by the Ministry of Coal and as such no proposal for revising the royaltyrate on sand for stowing is under consideration of the Government